

October 31, 2008

Philip Guidice, Commissioner
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

RE: Responsive Comments Addressing Section 105 of Chapter 169 of the Acts of 2008 concerning the establishment of an Alternative Energy Portfolio Standard (APS)

Dear Commissioner Guidice:

I am writing on behalf of NSTAR Electric Company (“NSTAR Electric” or the “Company”) at the invitation of the Department of Energy Resources (“DOER”) regarding initial comments that were filed by various stakeholders regarding SECTION 32, Section 11F1/2 of Chapter 169 of the Acts of 2008 (the “Green Communities Act” or “GCA”). DOER has invited parties that wish to do so, to respond to those initial comments. In this document NSTAR Electric will provide responsive comments.

As the DOER is well aware, the electric ratepayers in the commonwealth currently pay some of the highest electricity prices in the United States. In addition, overburdened ratepayers are presently funding investments in renewable energy projects via the Massachusetts Renewable Energy Trust Fund and the current Renewable Portfolio Standard (RPS) program. Significant additional requirements will compound the burden on ratepayers resulting in financial hardship and job losses in Massachusetts. The DOER must balance the Legislature’s goals of promoting alternative energy technologies with the economic realities of high energy costs.

NSTAR Electric would like to emphasize the following three points in response to the previously filed comments.

- The program should be designed around environmental goals by providing incentives to alternative energy sources that began commercial operation or added incremental capacity after January 1, 2009 and that have superior efficiency and emissions standards than large thermal stations
- The program should be simple to administer.
- Alternative Compliance Payment (ACP) levels should be set very low initially.

Only “New” production should receive incentives

In order to increase the production of alternative energy as defined in the Green Communities Act, new generation will be required. The Legislature has determined that

we will need to provide incentives to developers in order to spur production. However, those sources that are already in commercial production are already commercially viable. They enjoy some of the highest energy payments in the United States as well as capacity payments. NSTAR therefore recommends that for the purposes of the Green Communities Act incentives for alternative energy production only be given to units that have begun commercial operation or have added capacity after January 1, 2009. In addition, alternative portfolio resources should have higher efficiency and environmental performance than existing generation.

The program should be simple to administer

Any program design that attempts to carve out specific technologies as a subset of APS will serve only to complicate the process and increase costs to consumers. They could require separate targets within APS which would create separate markets and potentially different values. All technologies should receive credit as an alternative energy provider pursuant to their abilities to provide efficiency and environmental benefits.

ACP levels should initially be set very low.

NSTAR continues to believe that ACP levels must be initially set low with the target of providing incentives to proven, viable technologies and not those that are speculative in nature. The funding of speculative technologies that have little chance of providing customer benefits only serves to increase customer costs with little or no help to the environment.

Conclusion

NSTAR electric urges the DOER to design the Alternative Energy Supply Standards so that customer's are only paying for viable new generation that is more efficient and environmentally beneficial than existing generation. The program should be as simple as possible to administer with no carve-outs for differing technologies that would only serve to increase costs to consumers.

NSTAR ELECTRIC COMPANY_____

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